



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

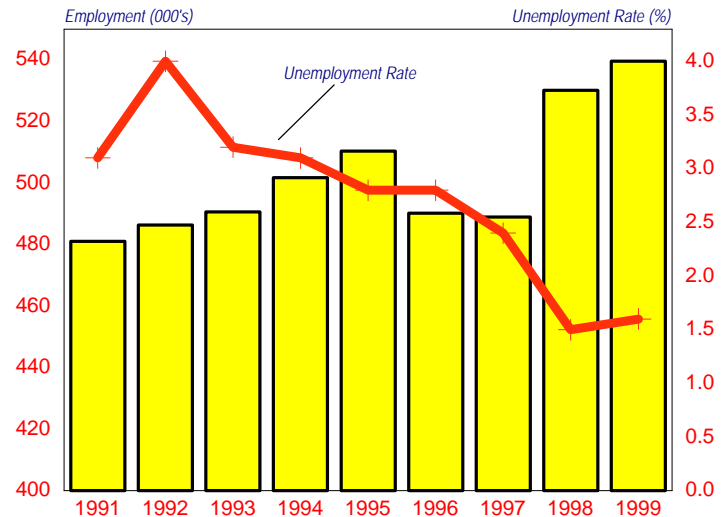
Publication 87

JULY 1999

JULY HIGHLIGHTS

- ❑ Responding to typical seasonal pressures, the County's unemployment rate jumped 0.3 percentage points to 1.6 percent in May. This increase reflects the influx of high school and college students into the summer labor market.
- ❑ The County's Sales Tax receipts posted another double-digit gain in July and ended FY 1999 up 9.9 percent over FY 1998.
- ❑ Retail performance was strong throughout Northern Virginia in FY 1999, with the exception of Falls Church which sustained a decline. On the whole, FY 1999 Sales Tax receipts in the Commonwealth outpaced that of the prior year by 7.8 percent.
- ❑ Weak performance in May has caused the lead in the number of residential dwelling permits to narrow. A slowdown in the issuance of nonresidential building permits in May had a similar impact on the cumulative growth relative to last year. It should be noted, however, that in spite of the recent declines, both residential dwelling permit issues and nonresidential building permit issues through May exceed that of 1998 by notable margins.
- ❑ Based on sales data through May, the median selling prices of all types of existing homes are up from the levels established in 1998. In the new home market, a significant increase has been posted in the median selling price of condominiums, while more moderate advances have been experienced in new single family homes and townhomes.
- ❑ The Fairfax County Leading Index declined for the second consecutive month in May, as did the Virginia Leading Index. The Virginia Leading Index has not sustained two back to back declines since November 1990. These indices suggest a slowing of economic growth in the region.

RESIDENTIAL EMPLOYMENT - MAY



Source: Virginia Employment Commission
Compiled by the Fairfax County Dept. of Management and Budget

County's unemployment rate jumps in May due to influx of seasonal summer workers...

In May, the County's unemployment rate jumped 0.3 points to 1.6 percent, according to the Virginia Employment Commission (VEC). While this is a significant increase, it is a seasonal adjustment that reflects the addition of high school and college students in the labor market. The rate one year ago, for example, was 1.5 percent. Data from the VEC indicate that 539,598 County residents were employed in May, up 1.8 percent, or 9,462 jobs, over May 1998.

The Commonwealth's unemployment rate also rose in May, adding 0.5 percentage points to 2.9 percent, as reported by the VEC. On the whole, employment has expanded 3.7 percent, or 125,276 jobs, in Virginia since last year. The Bureau of Labor Statistics reported that the national unemployment rate dipped slightly in May, falling 0.1 percentage point to 4.2 percent.

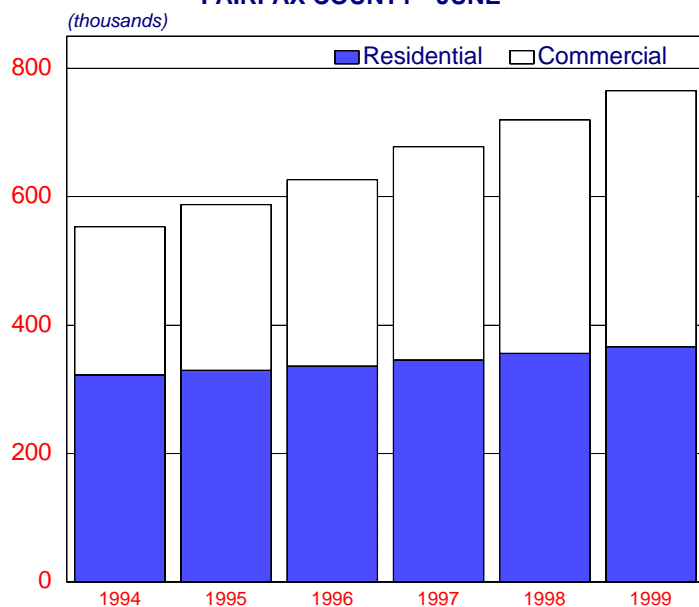


The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>



BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - JUNE



Source: Bell Atlantic
Compiled by the Fairfax County Dept. of Management and Budget

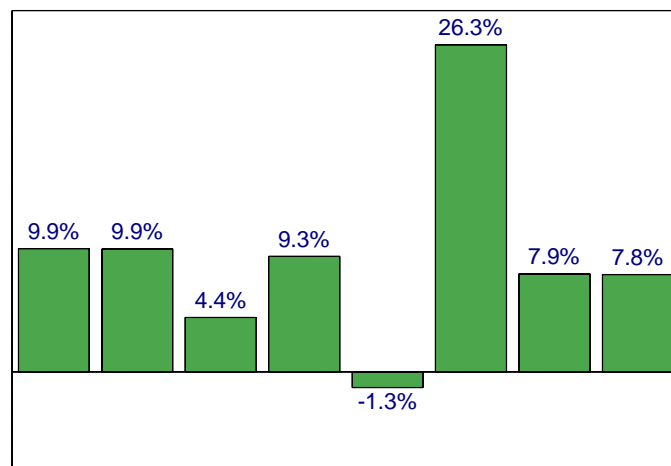
Telephone line growth continues...

As of June 30, 1999, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 765,193 telephone lines, up 45,298 lines, or 6.3 percent, over June 1998. The business sector continues to fuel this growth, adding 34,925 new telephone lines for an increase of 9.6 percent over the prior year. Residential telephone lines totaled 366,458 as of June 1999 and topped last year by 10,373 lines, or 2.9 percent.

County Sales Tax receipts top FY 1998 by 9.9 percent....

Fairfax County's July Sales Tax receipts, representing retail purchases made in May, resumed the recent trend of double digit gains over last year. In July, the County received receipts of \$9.8 million, 14.4 percent more than July 1998. As a result, the County's fiscal year Sales Tax receipts for FY 1999 total \$115.7 million and exceed FY 1998 by 9.9 percent.

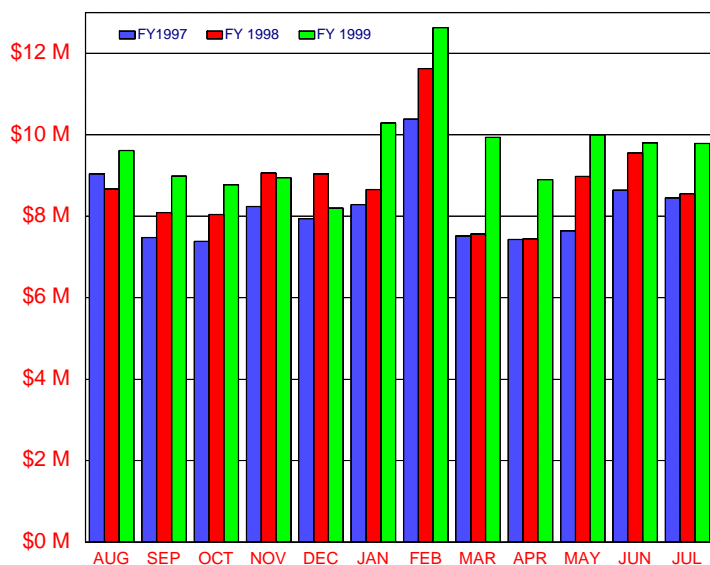
FY 1999 SALES TAX RECEIPTS



Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

SALES TAX REVENUES

(revenues represent retail sales two months prior)



Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

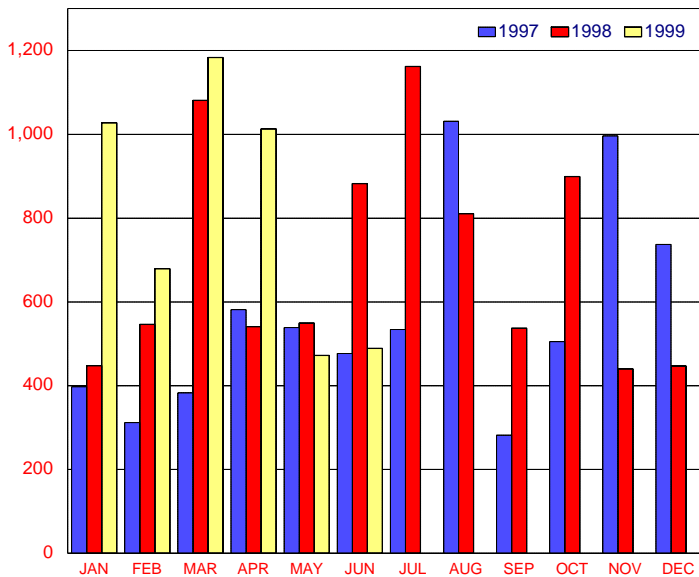
Retail activity was robust throughout most of Northern Virginia in FY 1999...

Retail activity was robust throughout most of Northern Virginia in May, according to July Sales Tax receipt data from the Virginia Department of Taxation. As a result, FY 1999 Sales Tax receipts were up 26.3 percent in Loudoun, 9.9 percent in Alexandria, 9.3 percent in Fairfax City, 7.9 percent in Prince William, and 4.4 percent in Arlington. By contrast, Falls Church FY 1999 Sales Tax receipts trailed last year by 1.3 percent. On the whole, Sales Tax receipts in the Commonwealth advanced 15.3 percent in July and surpassed FY 1998 on a cumulative basis by 7.8 percent.

National retail sales top prior year by 7.7 percent in May...

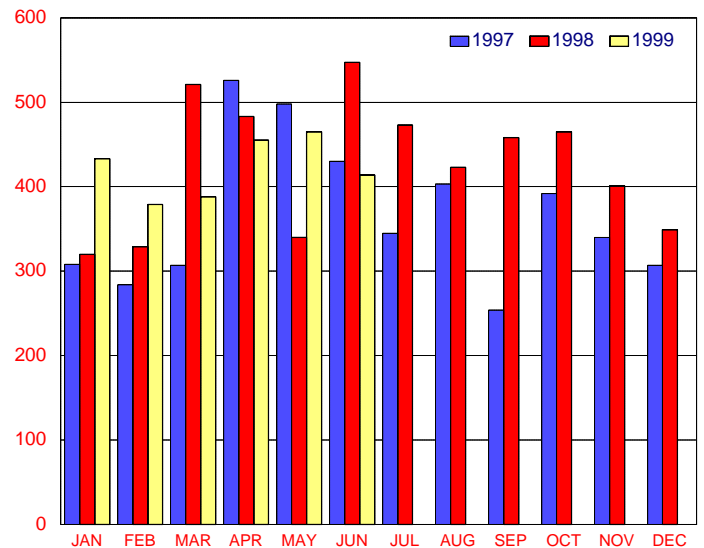
According to the Commerce Department, strength continues to be seen in retail sales on the national level. May sales topped the prior year by 7.7 percent. Durable goods sales posted a gain of 9.1 percent while non-durable goods sales exceeded the prior year by a more moderate 6.6 percent.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



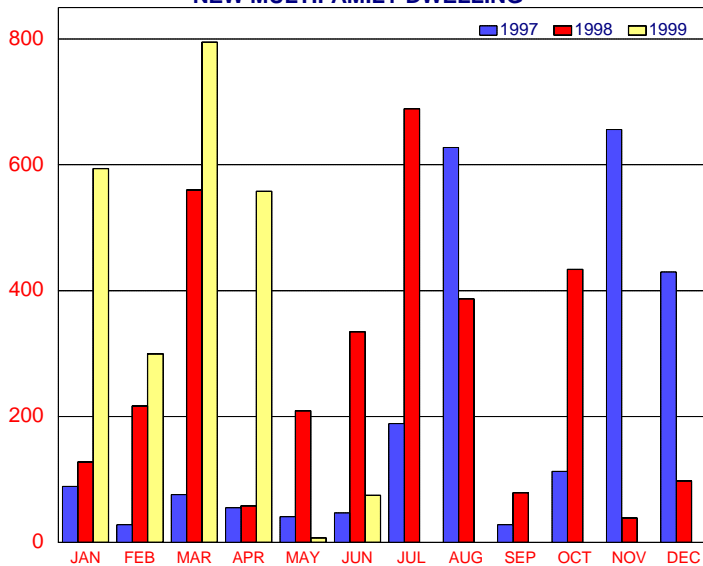
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Leads established earlier in issues of residential dwelling permits erodes in June....

Issues of new residential dwelling permits in June failed to outpace that of last year for the second consecutive

month. As a result, the significant lead established in prior months has eroded to a narrower, although still impressive, 34.7 percent, or 1,253 permits, margin. Through June, 4,863 residential dwelling permits have been issued by the County. Both the single family and the multifamily components contributed to the June decline. Issues of multifamily residential dwelling permits total 2,329 through June and lead last year by 62.4 percent, or 895 permits. Permit issues for single family structures total 2,534 thus far in 1999 and are up 16.5 percent, or 358 permits.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Residential repair and alteration permit issues up 0.7 percent through June...

Issues of residential repair and alteration permits in June exceeded that of one year ago just enough to erase the cumulative deficit established in earlier months. Through June, 6,103 permits have been issued, up 0.7 percent, or 41 permits, over the same time last year.

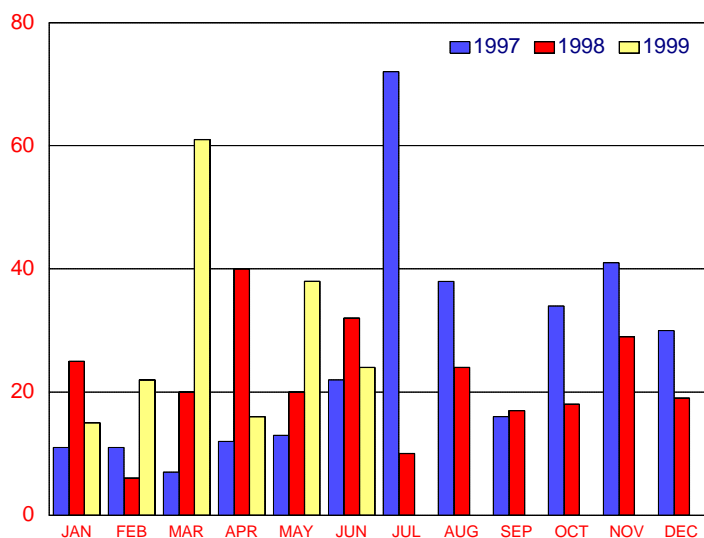
National housing starts outpacing prior year by 6.6 percent through June...

On the national level, new privately owned housing units started during the first half of 1999 are surpassing that of last year by 6.6 percent, according to the Commerce Department. Regionally, the Midwest and the South are registering greatest leads with increases of 8.8 percent and 8.7 percent, respectively, followed by gains of 6.1 percent in the Northeast and 1.3 percent in the West.

Issues of residential building permits up 6.9 percent through June nationwide...

The Commerce Department also reported that the number of residential building permits issued nationwide through June exceeded that of 1998 by 6.9 percent. Residential building permit issues are up 10.8 percent in the Northeast, 7.8 percent in the Midwest, 7.2 percent in the South, and 4.0 percent in the West.

NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



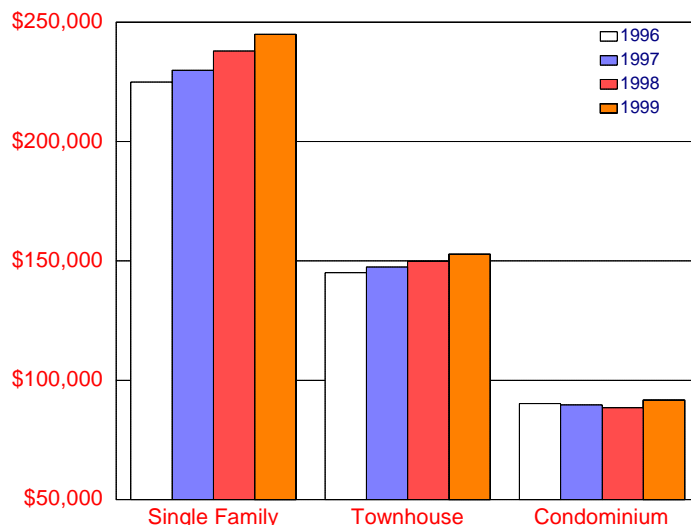
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Despite decline in June, issues of nonresidential building permits year-to-date outpacing last year...

The number of nonresidential building permits issued fell short of the prior year in June. For the first half of 1999, the 176 nonresidential permits issued lead last year by 23.1 percent, or 33 permits. Through June, 2,056 nonresidential repair and alterations permits have been issued, up 4.3 percent, or 85 permits, over the same period last year.

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY-MAY 1999 COMPARED TO ANNUAL MEDIAN PRICES 1996 - 1998

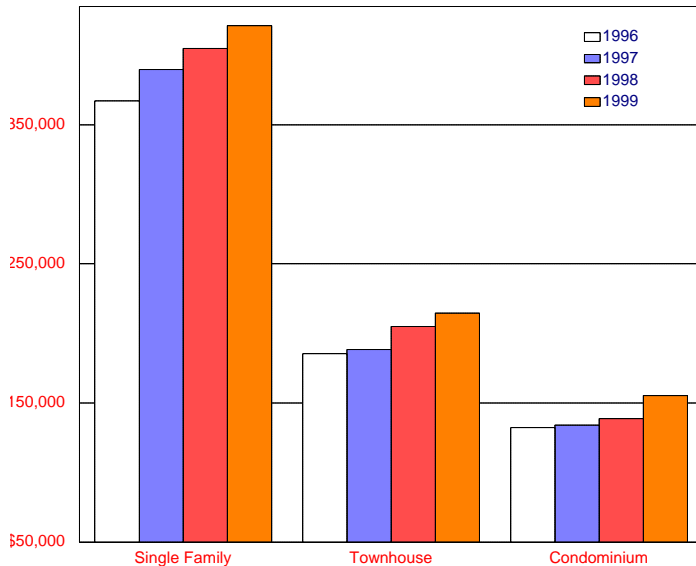


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Existing homes selling at higher prices...

Based on sales data through May, the median selling prices of all types of existing homes are up from the levels established in 1998. Please note, however, that these data reflect only a few months of sales and are subject to revision as staff verifies each transaction. Through May, existing condominiums have sold for a median price of \$91,650, up \$3,150, or 3.6 percent, from the \$88,500 registered in 1998. Similarly, existing single family homes also experienced a 2.9 percent increase, as the median selling price has risen \$7,000 to \$245,000, based on sales data for the first five months of the year. The median selling price of \$152,847 for existing townhomes reflects a rise of 2.0 percent, or \$2,947, compared to 1998's \$149,900.

MEDIAN PRICE OF NEW HOMES SOLD JANUARY-MAY 1999 COMPARED TO ANNUAL MEDIAN PRICES 1996 - 1998

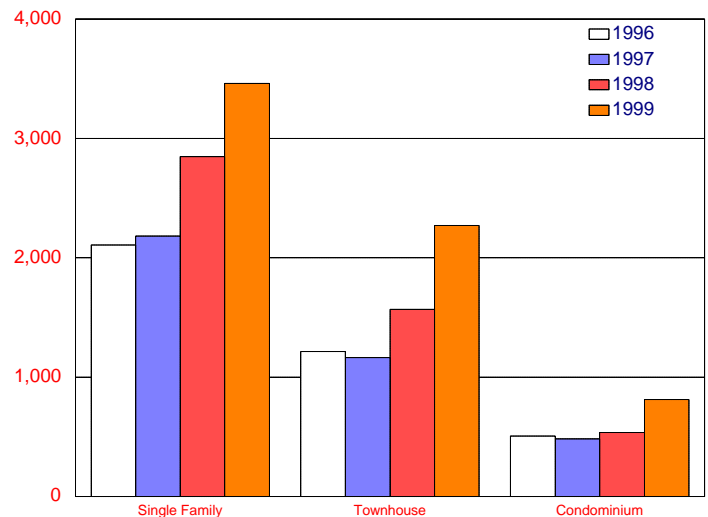


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New condominiums experiencing significant increase in median selling price...

Sales data through May indicate a significant increase in the median selling price of new condominiums and more moderate gains for new single family homes and townhomes, compared to the levels established in 1998. As mentioned earlier, these data reflect only a few months of sales and are subject to revision as staff verifies each transaction. The most notable gain is reflected in the median selling price of new condominiums which has increased 11.8 percent, or \$16,388, to \$155,178 from 1998's \$138,790. The median selling price of new townhomes through May is \$214,700, up 4.7 percent, or \$9,700, compared to the \$205,000 established in 1998. The median price of new single family homes sold through May indicate an advance of 4.0 percent, or \$16,275, to \$421,240 from the \$404,965 established in 1998.

NUMBER OF EXISTING HOMES SOLD JANUARY-MAY 1996-1999



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Sales data through May indicate significant volume increases for all types of existing homes...

Activity in the local real estate market remains strong as indicated by the significant gains in the sales volumes of existing homes. Please note that these

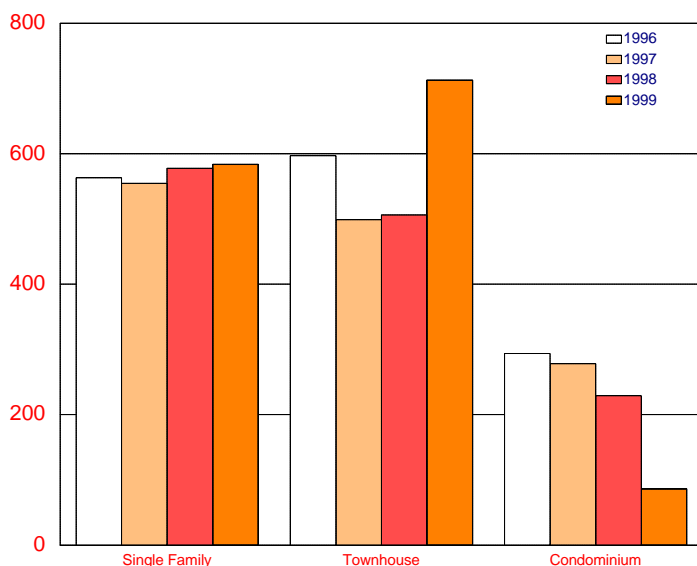
increases are on top of the notable gains achieved in 1998. Through May, 812 existing condominiums were sold, up 52.1 percent, or 278 units, compared to the same period in 1998. Similarly, the 2,272 existing townhomes sold during the first five months of 1999 exceed the prior year by 45.0 percent, or 705 homes. To date, 3,463 existing single family homes have been sold, topping last year by 21.6 percent, or 616 homes.

PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD JANUARY- MAY 1999 COMPARED TO 1998 ANNUAL

	Existing Sales	New Sales
Single Family	2.9	4.0
Townhouse	2.0	4.7
Condominium	3.6	11.8

Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF NEW HOMES SOLD JANUARY-MAY 1996-1999



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Through May, there has been considerable variability in the sales volumes of different categories of new homes...

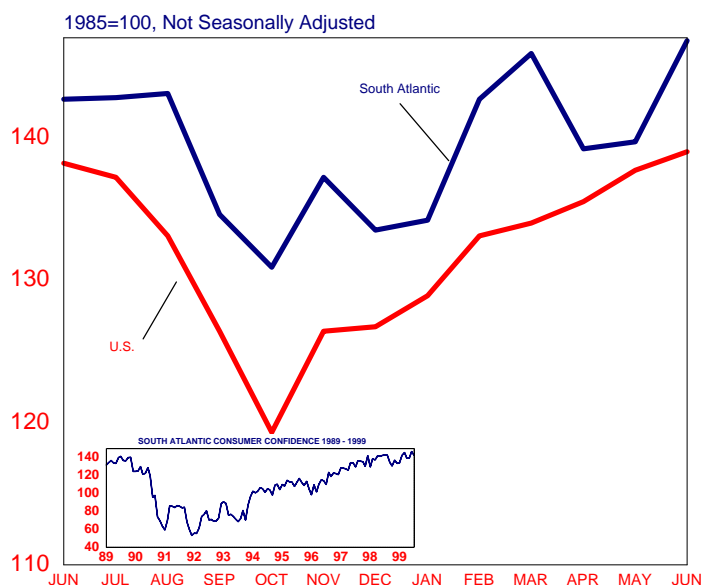
Sales data through May indicate considerable variability in the volume of sales by type of new home. For example, a total of 713 new townhomes were sold through May, reflecting an increase of 40.9 percent, or 207 units, compared to the same period in 1998. In the single family market, the 584 new homes sold through May lead the prior year by a narrow 1.0 percent, or 6 homes. By contrast, the 86 new condominiums sold during the first five months of 1999 trail the same period in 1998 by 62.5 percent, or 143 units.

New home sales up 3.9 percent through May nationally...

According to data from the Commerce Department, sales of new single family homes through May outpaced that of last year by 3.9 percent nationwide. Performance is quite varied on a regional basis, however. The South, for example, has a lead of 8.4 percent, while narrower margins of 2.8 percent and 2.7 percent are being experienced in the West and the Midwest, respectively. Sales of new homes during the first five months of 1999 are trailing the prior year by 10.8 percent in the Northeast.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDICES



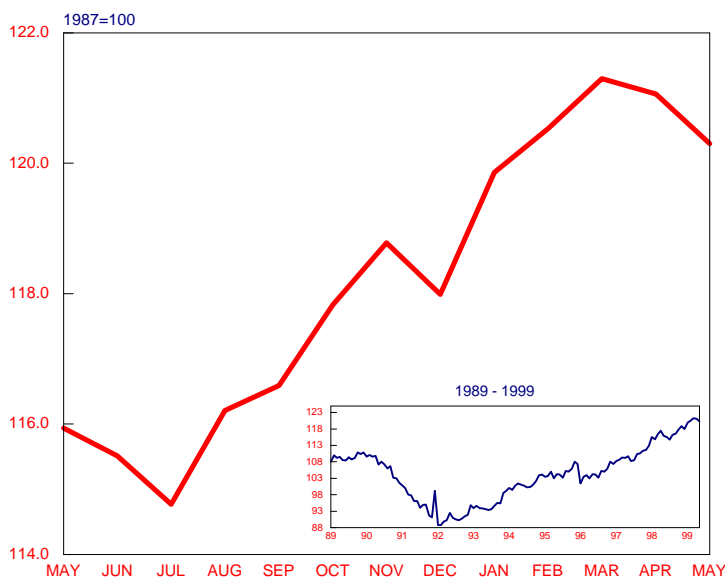
Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

Consumer confidence jumps in June...

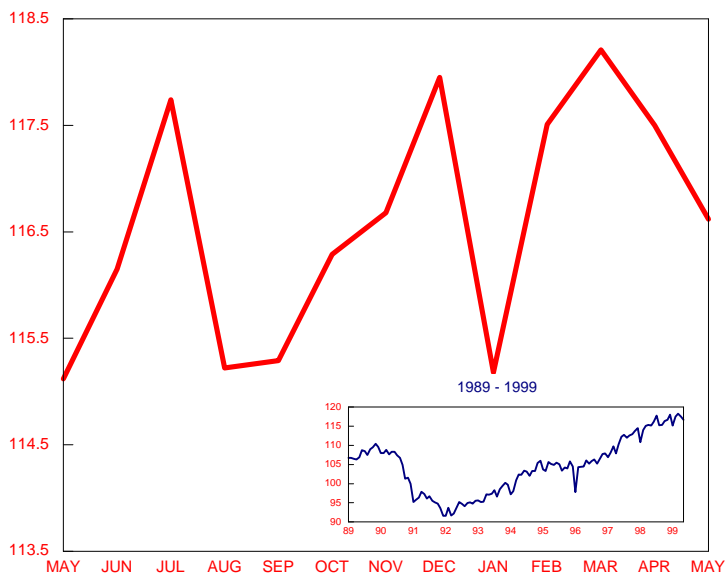
The Conference Board's South Atlantic Consumer Confidence Index jumped 7.1 points to 146.8 in June, and now leads last June by 4.1 points. The national Consumer Confidence Index gained 1.3 points in June, rising to 139.0.

The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in nine to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy, and the Virginia Indices which focus on the entire Commonwealth. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

FAIRFAX COUNTY COINCIDENT INDEX



METROPOLITAN COINCIDENT INDEX



Fairfax County Coincident Index dips again in May...

The Fairfax County Coincident Index, which represents the current state of the County's economy, declined 0.6 percent to 120.30 in May. The Index has gained 3.8 percent over the past 12 months. Three of the Index's four components contributed to its decline in May. Total employment dipped for the first time this year; Consumer confidence posted a second consecutive loss; and, Sales Tax receipts, adjusted for inflation and seasonal variation, lost ground for a second straight month. In May, Transient Occupancy Tax collections, adjusted for inflation and seasonal variation, advanced after having declined in the previous two months.



Metropolitan Coincident Index loses ground in May also...

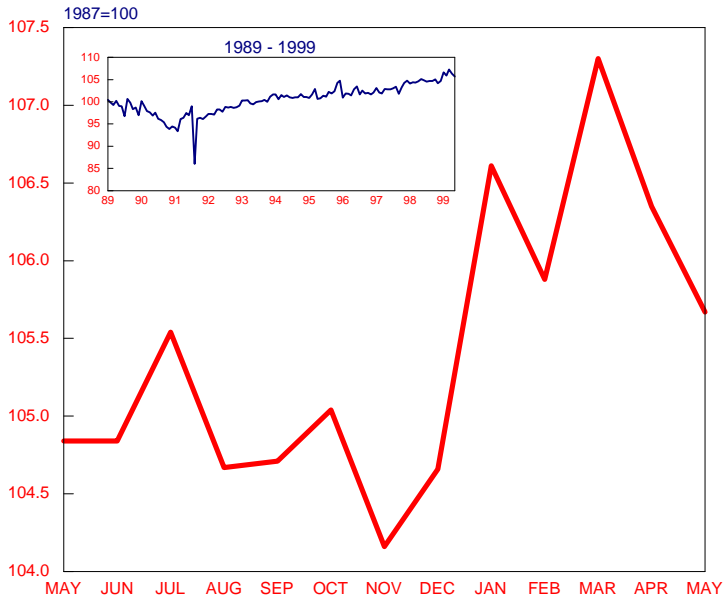
The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, declined 0.9 points to 116.62 in May with three of the Index's four components causing the drop. The most significant negative contribution was made by domestic airport traffic at Ronald Reagan National Airport, followed by consumer confidence and nondurable goods sales. Total wage and salary employment posted a minor advance in May.



Crestar Bank's Virginia coincident Index reverses three month long, negative trend in May...

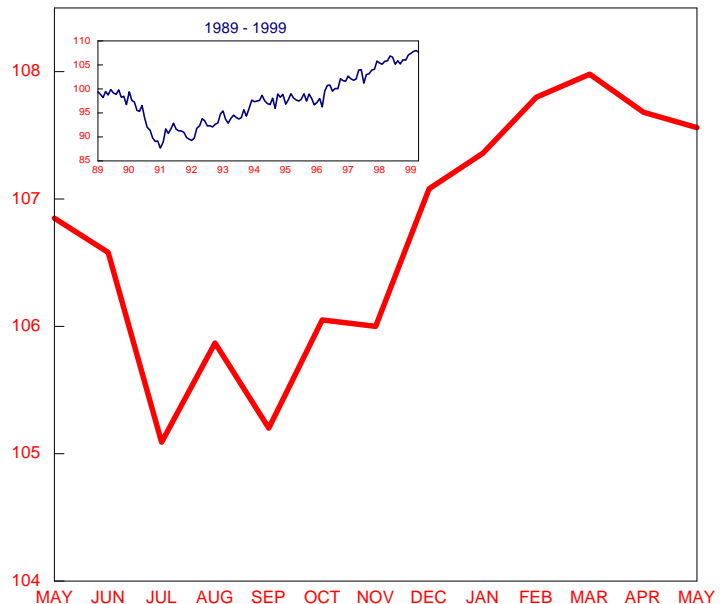
Crestar Bank's Virginia Coincident Index inched forward 0.1 percent to 157.2 in May. This increase follows three consecutive months of decline. Only the Electric Consumption Index was positive in May, while manufacturing employment was flat and declines were posted in non-farm employment, real average hourly wage, real taxable retail sales and real bank deposits.

FAIRFAX COUNTY LEADING INDEX



Sources: Center for Regional Analysis, George Mason University
Fairfax County Dept. of Management and Budget

METROPOLITAN LEADING INDEX



Source: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

County's Leading Index declines in May...

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, decreased 0.6 percent to 105.67 in May. In May, three of the Index's five components were negative. Consumer expectations (confidence six months hence) declined for a second straight month; residential building permits fell sharply and have fallen short in three of the past four months; and, the total value of residential building permits lost ground for the third time in four months. By contrast, new automobile registrations and initial claims for unemployment insurance posted advances in May.



Metropolitan Leading Index slips in May...

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, lost a slight 0.1 point in May, declining to 107.56. Two of the Index's components were negative in May. A significant decline was posted by total building permits, followed by consumer expectations (consumer confidence six months hence). Positive contributions were made by the employment components (the Help Wanted Index and initial unemployment claims), and durable goods sales.



Virginia Leading Index declines for second straight month in May...

The Virginia Leading Index, produced by Crestar Bank, slipped 0.1 percent in May, dipping to 169.8. This is the first time since November 1990 that the Index has had two consecutive declines. In May, five of the Index's nine components contributed to its advance. The U.S. Leading Index registered the greatest gain, followed by real nonresidential building contracts, new automobile registrations, and average weekly hours in manufacturing. These gains were dampened by negative performance in initial unemployment claims, new business starts, residential building permits, newspaper ad lineage and the Virginia stock value.

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